CLASSIFICAL ON

INFORMATION REPORT

CD NO.

COUNTRY Germany (Russian Zone)

SUBJECT East German Railroads To Be Given

Measure of Financial Freedom

25X1A

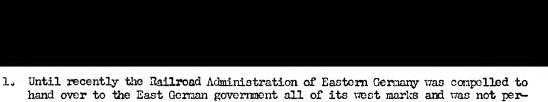
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- mitted to retain any to meet even its most essential requirements.
- 2. In October 1950 the East German railroads had such a pressing need for west marks for the repair of locomotives that, on their own initiative, they sold as scrap a number of railroad cars to a value of 1,000,000 DH to scrap dealers in West-Berlin.
- 3. This transaction became known to Staatssekretär Rumpf of the East German Finance Ministry, who at first tried to effect the arrest of all concerned in the deal for selling "strategic materials" to the West. Finally, however, a compromise was reached under which the Railroad Administration gave an assurance that no further scrap would be delivered to the West. In return, the East German government promised to allow a certain decentralization of the railroads during 1951 and to allocate to them an unspecified amount of west marks which the railroads might dispose of freely for their most essential requirements.

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